

**CITY OF LODI
COUNCIL COMMUNICATION**

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AGENDA TITLE: Adopt Resolution Amending the CalPERS Contract Allowing Employees to Make Retirement Contributions with Pre-tax Payroll Deductions

MEETING DATE: June 1, 2011

SUBMITTED BY: Human Resources Manager

RECOMMENDED ACTION: Adopt Resolution amending the CalPERS contract allowing employees to make retirement contributions with pre-tax payroll deductions

BACKGROUND INFORMATION: The City of Lodi is a member of the California Public Employees Retirement System (CalPERS). Retirement contributions are segmented into employer-paid contributions and employee-paid contributions. Prior to July 1, 2011, the City paid both the employer and employee-paid contribution amounts.

Effective July 1, 2011, most City employees will begin contributing towards their employee-paid retirement costs. CalPERS requires the City adopt the attached resolution to allow employees to contribute towards their retirement using pre-tax payroll deductions. Most agencies whose employees contribute to their retirement costs have also passed the attached CalPERS Resolution.

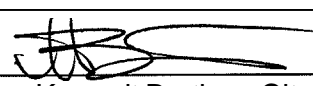
FISCAL IMPACT: There is no fiscal impact related to this agenda item since it only allows employees to contribute towards their retirement costs using pre-tax payroll deductions.

FUNDING AVAILABLE: Not applicable.


Dean Gualco, Human Resources Manager


Jordan Ayers, Deputy City Manager/Internal Services Director

APPROVED: _____


Konrad Bartlam, City Manager

RESOLUTION NO. 2011-87

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING EMPLOYER PICK-UP – IRC 414(H)(2)

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WHEREAS, the governing body of the City of Lodi has the authority to implement the provisions of Section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Board of Administration of the California Public Employees' Retirement System adopted its resolution regarding Section 414(h)(2) IRC on September 18, 1985; and

WHEREAS, the Internal Revenue Service has stated in December 1985 that the implementation of the provisions of Section 414(h)(2) IRC pursuant to the Resolution of the Board of Administration would satisfy the legal requirements of Section 414(h)(2) IRC; and

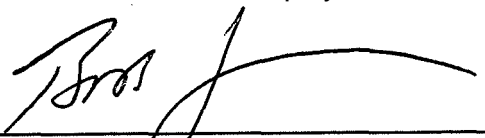
WHEREAS, the City of Lodi has determined that even though the implementation of the provisions of Section 414(h)(2) IRC is not required by law, the tax benefit offered by Section 414(h)(2) IRC should be provided to its employees who are members of the California Public Employees' Retirement System.

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council as follows:

- I. That the City of Lodi will implement the provisions of Section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code Section 20691 to the California Public Employees' Retirement System on behalf of its employees who are members of the California Public Employees' Retirement System. "Employee Contributions" shall mean those contributions to the California Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code Section 20691.
- II. That the contributions made by the City of Lodi to the California Public Employees' Retirement System, although designated as employee contributions, are being paid by the City of Lodi in lieu of contributions by the employees who are members of the California Public Employees' Retirement System.
- III. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the City of Lodi to the California Public Employees' Retirement System.
- IV. That the City of Lodi shall pay to the California Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.
- V. That the amount of the contributions designated as employee contributions and paid by the City of Lodi to the California Public Employees' Retirement System

on behalf of an employee shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code Sections 20000, et seq.).

- VI.** That the contributions designated **as** employee contributions made by the City of Lodi to the California Public Employees' Retirement System shall be treated for all purposes' other than taxation, in the same way that member contributions are treated by the California Public Employees' Retirement System.



BOB JOHNSON
Mayor

Dated: June 1, 2011

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I hereby certify that Resolution No. 2011-87 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 1, 2011, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Katzakian, Mounce, Nakanishi,
and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None



RANDI JOHL
City Clerk